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Kraslow told me he expected to see George Brown, but our information is he did not do so. From Deptel Nodis 4649 you know that he interviewed Murray and Hayden of the Foreign Office, but did not extract much information from them. Whomever else he may have seen during his stay in London, I do not know.

NODIS REVIEW
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Cat. C - Caption and custody retained by S/S
Reviewed by: TMB
Date: 7 July 1971

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Standard, I think it would be well for this sort of attention to be paid him. Because of foot and mouth disease, he has cancelled his shooting this year in County Durham. He said he had been at the Salisburys on the day I was due to shoot there, and although there were a great many pheasants, the weather was bitterly cold and disagreeable. He is considered the finest shot in England.

Eric Warburg, here for a few days from Hamburg, called on me. He is one of the best informed men on Germany to be found anywhere. He thinks Kiesinger is a weak, but popular leader. He believes Strauss, in spite of his indiscretions and sometimes incalculable behavior, will one day be Chancellor. The German economy, according to Eric, is improving, but he distrusts the financial situation here. He came to London to talk to his cousin Sigismund Warburg, who has been eminently successful in merchant banking. The London firm has an interest in Eric's Frankfurt office, and I gather they are considering an expansion into institutional banking. I told him I read yesterday with intense interest the plans for the new financial enterprise set up by the Rothschilds in Paris. I had a copy of it from Guy, Alain, and Elie. It was in commemoration of the 150th anniversary of the foundation of the Rothschild bank in France, and included a long explanation by Guy of their future program. It is extraordinary how, despite (or maybe because of) the numerous marriages between Rothschilds, this family has continued to flourish so vigorously. I doubt if any group can show a similar record of inbreeding without many instances of mental deterioration. In 150 years there have only been four heads of their bank, all Rothschilds.

Lunched at the office.

Alexander Makinsky came to see me this afternoon. He was for years head of Coca Cola International, with headquarters in Paris. They have now moved their chief office to London, p' cing a Texan named Duncan in charge. Alex is retired, but continues to draw the same salary and to occupy the same premises. He has been twice in Russia this year, and is much impressed by the freedom of conversation there compared with his experiences on previous visits.

I passed on to 10 Downing Street this morning the news that the President would be agreeable to a visit from the Prime Minister, either the last week in January or in early February, whichever the PM prefers. In talking to Michael Palliser on the subject, he said the Prime Minister still expected an invitation to visit the Soviet Union the second half of January, in which case he would go to the United States in February.

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We dined tonight with Anne Fleming at 16 Victoria Square. The other guests were John Crankston (painter), an agreeable couple with a double-barrelled name (he an engraver), Robin Fedden, and the Devonshires.

Andrew Devonshire said, being rich, he did not like to criticize the Labour Government's social program, but was skeptical about the possibility of its becoming effective. He had worked for four years with Duncan Sandys, thought him the most difficult person to work for he [redacted] ever met in the British bureaucracy, but all his subordinates were impressed by his tenacity of purpose and ceaseless energy. Duncan is as usual in hot water. He recently proposed that the 2% colored population in Great Britain be subsidized for re-establishment in their native countries. There are many sympathizers with this point of view, but few will venture to make their opinions public. The amount of crime wherever concentrations of Indians, Pakistani, West Indians and other colored immigrants are centered has much increased. Compared with our own approximately 12% of Negro population, the problem seems small, but actually in this overpopulated island somewhat the same agitation is evident as at home.

December 12, 1967 - Tuesday

We had a telegram this morning from the Department, correcting the previous one on the subject of the PM's visit to Washington. It was not the last week in January for which he was invited, but the first week (or as previously stated, the first part of February). I passed this on to Michael Palliser, who said the Soviet Union visit was probable and the Prime Minister would send a message saying he could be in Washington on February 8 and 9.

I was told yesterday that a large number of Conservative back benchers at the House of Commons would be hearing me this afternoon when I appeared before them. Consequently, I spent most of the morning drafting the statement expected of me and reading about Vietnam.

We gave a lunch today at home for these guests, in honor of Governor Romney and his wife:

It passed off pleasantly, and the Romney s made an excellent impression on the British present. They are easy to converse with, and he looks like a President, even if he never becomes one.

This afternoon I went to the House of Commons, where I was met by Eldon Griffiths and introduced to those who sat on the platform. There were forty or more

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GUEST LIST FOR LUNCH AT EMBASSY RESIDENCE
IN HONOR OF GOVERNOR AND MRS. ROMNEY
TUESDAY, DECEMBER 12, 1967, 1.15 for 1.30 p.m.

Mr. and Mrs. David Astor, Editor, THE OBSERVER
Mr. Michael and Lady Pamela Berry, Chairman and Editor-in-Chief, DAILY TELEGRAPH
Sir Geoffrey and Lady Cox, Editor, INDEPENDENT TELEVISION NEWS
Mr. and Mrs. Hugh Cudlipp, Chairman, DAILY MIRROR
Mr. and Mrs. Harold Evans, Editor, SUNDAY TIMES
Mr. and Mrs. Paul Fox, Controller of BBC1 Television
Mr. and Mrs. Alastair Heatherington, Editor, THE GUARDIAN
Mr. and Mrs. William Rees-Mogg, Editor, THE TIMES

Lord and Lady Balniel, Conservative Member of Parliament and Opposition spokesman on Social Security.
Mr. and Mrs. Anthony Barber, Conservative M.P. and Chairman of the Conservative Party.
Mr. and Mrs. Anthony Wedgwood Benn, Minister of Technology.
Mr. and Mrs. Robert Carr, Conservative M.P. and Opposition spokesman on Labor.
Mr. and Mrs. Roy Jenkins, Chancellor of the Exchequer.
Mr. and Mrs. Iain Macleod, Conservative M.P. and Opposition spokesman on the Treasury.
Lord and Lady [illegible]bens, Chairman of the National Coal Board.
Lord and Lady [illegible]erfield, former UK Ambassador to the US, now Chairman of Hill, Samuel & Co. Ltd., Bankers.
Mr. and Mrs. Peter Shore, Secretary of State for Economic Affairs.
Mr. and Mrs. George Thomson, Secretary of State for Commonwealth Affairs.
Mr. Peter Walker, Conservative M.P. and Opposition spokesman on Transport.

Embassy:

Mr. and Mrs. Stanley M. Cleveland, Minister for Economic Affairs.
Mr. and Mrs. William B. King, Counselor for Public Affairs.
Mr. and Mrs. Ronald I. Spiers, Counselor for Political Military Aff.
Mr. and Mrs. Robert N. Anderson, Agricultural Attache.
Mr. and Mrs. William J. Galloway, Dep.Chief of Political Section.
Mr. and Mrs. Arthur Woodruff, Internal Political Affairs.

Governor George Romney and Mrs. Romney.
Mr. Jonathan Moore, Aide to Governor Romney.

The Ambassador and Mrs. Bruce.

men and women in the audience. Alec Home introduced me, saying I should make a statement of about fifteen minutes and afterwards be interrogated. Accordingly, I dispensed with this text which I had prepared during the morning, and summarized the situation in Southeast Asia as I saw it. The question period lasted an hour or longer, and was conducted with complete propriety and absence of heat. The inquiries addressed to me covered a wide range, including the possibility of cancellation of the F-111 contract, the proposed withdrawal of British armed forces East of Suez, and a variety of other subjects. Evidently this group were, on the whole, favorable to backing our policy in Vietnam, and disapproved plans for pulling down to the extent envisaged by the Government of British forces East of Suez.

Afterwards, a number of us went to Alec Home's private office for a drink. There I was quizzed on American Presidential election prospects.

Tonight Betty and Bobbety Salisbury and Nancy Lancaster came to dinner at the house. We regaled them with blinis, smoked salmon, and other dishes. The best wine was a Ch. Margaux 1953. Bobbety still believes it essential for the Government to reach an agreement with Rhodesia, but since George Thomson's speech yesterday in the Commons has little hope of this being accomplished. He is disturbed, as I am, over the financial situation. The pound hit a new low today, and the gold drain was again heavy. I called [redacted] Jim Griffin, but he has not yet been informed of what happendd at Basle over the weekend, where Fred Deming was the US representative.

December 13, 1967 - Wednesday

Michael Palliser [redacted] called me yesterday to say the Prime Minister [redacted] instructed [redacted] Arnold Goodman, his lawyer, to go ahead and file a writ of libel against the Herald Tribune. He said the PM would welcome my discussing this subject with Goodman. This I did this morning, suggesting Arnold have a talk with the Herald Tribune's London solicitors before proceeding with the contemplated action. This he said he intended to do.

Speaking yesterday of how difficult Enoch Powell sometimes [redacted] Alec Home told me Enoch [redacted] considered the pound is now undervalued. What is more important is that after his recent extensive tour in the United States, Enoch arrived home to speak freely of his belief the American people would like to withdraw their troops from Europe. How he arrived at such an assessment is a mystery.

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It is a thankless task for any American ambassador, at the present time, to speak about Vietnam. The very name has become as painful as an over-exposed nerve, a battle cry that has made allies out of some of the least probable bed-fellows, and opponents out of life-long friends. Among you who are present this afternoon, there are some, I know, who feel unable to support the American position in Vietnam, and others who, while giving an anguished approval to the principles of intervention, are profoundly unhappy at the way in which it is being applied.

In the United States it is a divisive factor within many sectors of the population, as well as the most unpopular conflict in which we have engaged since the Civil War. Incidentally, this phrase "the Civil War" reminds me of how strong sectarian influences still are at home. In 1939, when I was in the Virginia Legislature, I was holding forth on the subject of riparian fishing rights, contested between Virginia and Maryland. I mentioned the Civil War. The Speaker immediately ordered me in preemptory tones to sit down. He then said I had evidently been too long away from Virginia to understand what phraseology was permissible in the General Assembly. There was no such term as the Civil War. It had been the War Between the States. I should immediately apologize to my fellow members and resume my speech. This I did.

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of Vietnam

I would ask you to stand back from the subject for a few minutes, something that is becoming increasingly difficult for any of us to do, and try to see Vietnam as one facet of a larger and equally intransigent problem, namely, the post-colonial role of all the Western powers (but chiefly the United States) in the uncommitted world. In 19th Century Europe it was genuinely and widely believed, with self interest adding a spur to the conviction, not only that the civilization of the Christian west was superior to anything elsewhere, but that it could confer only advantages on those underdeveloped

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continents in which it was imposed. At that point the West, or more precisely Europe, possessed both the will to govern and the means, ~~and~~ as has happened in previous civilizations, it was only when the Will began to falter, a process greatly accelerated, in my view, by the shattering disillusionment engendered by World War I, that the retreat from colonialism really gained momentum. The Second World War added a new and cutting edge to a gnawing demand for independence and self-government, and set the scene for the events [redacted] to follow. [redacted] I am right in thinking [redacted] it is largely due to this sudden quickening of natural consciousness, the speed with which the half-formed aspirations of the '30's hardened into the political certainties of the post-war period, that since that time the West has failed both in directing the events it failed to anticipate, and in evolving a philosophy [redacted] with conviction to the needs of post-colonial society.

Europe was in no better state to seize the opportunities open to her than was the United States, with its long history of anti-colonialism, its ignorance both of Africa, and in large part of Asia, [redacted] its lack of trained administrators. All the problems implicit in

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this new and delicate relationship between the white world and the colonred, the old and the new, the rich and the poor, are present in Vietnam, but in a form intensified by other, more explosive factors.

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I would like to refresh your recollection of how the United States became involved in Vietnam. Post Roosevelt 1945. Assistance to Ho Chi Minh against Japanese. Fontainebleau Agreement 1946.

1950-54 military economic assistance to French. Urged them to grant real independence to Indo-China. Bao Dai a Tiger Man but no Leader. Protected his financial flanks.

Developed no valid non-Communist nationalism.

Dien Bin Phu 1954. Overlapping construction of SEATO.

In wake of accords, (a) we would view any aggression with grave concern, and as serious threat to international peace and security; (b) free elections, as in cases of Germany and Korea, supervised by U.N., necessary to reunification.

July 1954, nationalist Dien.

September 1954, SEATO, ratified by U.S. Senate in February 1955, 82 - 1. Signatories accepted obligation to..., etc. (P.7 Bundy)

1955 - Furnished military assistance to South Vietnam within material and equipment limitations of Geneva accords.

Take over of Southeast Asia would create same sort of aggressive domination of much of Asia we had fought Japan to prevent.

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Kennedy on Free Elections: page 10 of Bundy's pamphlet.

From 1959 onward, North Vietnam moved its men into South.

By 1961 we were deeply committed.

Geneva Accords of 1962 - Laos.

1961-1964, Kennedy-Johnson advisers, pilots, supporting military personnel to 25,000.

Did not British have 55,000 at that period in Malaysia?

August 7, 1964 - Congressional Declaration, Bundy, page 15.

1965 - Before bombing North Vietnam, military units had moved in.

Test case whether Wars of National Liberation can succeed.

We have never threatened regimes of North Vietnam and China.

Southeast Asia holds more than 250 million people, more than Latin America and almost as much as the population of Western Europe.

All the threatened nations welcome our presence - Thailand, Philippines, South Korea, Australia, New Zealand, etc.

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Drew Middleton - "Despite some misgivings, non-Communist leaders from Tokyo to Tehran largely support United States policies in South and Southeast Asia."

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We had a staff meeting this morning.

Edward J. Mowery, syndicated columnist for the Newhouse newspapers, a Pulitzer prize winner in 1953, came to see me this morning, about the effect of devaluation of the pound on US personnel serving abroad in the armed services or in a civilian capacity. I told him of the steps being taken by the State Department in this respect, but agreed with him the rise in prices would soon cancel out the immediate benefits of devaluation for those receiving pay in dollars.

I talked to some of our men in the political section today and yesterday about articles in the newspapers advocating the formation of a coalition government. Neither Conservatives nor Labourites show any interest in this speculation.

In the aftermath of the advertisement in the Times on December 5, offering support to American draft dodgers, the last issue of the Sunday Telegraph carried a long comment, in the course of which it was said the Department had asked me to protest to the Foreign Office but that I had decided it would be inappropriate to do so. Actually, I have received no word from home on the subject. The advertisement was said to have been organized by four people, Miss Margaret Gardiner, daughter of the Egyptologist, Mrs. Peggy Duff of the International Confederation for Disarmament and Peace, and Messrs. Joel Gladstone and Harry Pinkus of the American "Stop It" Committee in London. Most of the signatories, it was said, of the advertisement were unaware that the appeal they [redacted] agreed to sign was accompanied by a coupon asking for money and help.

The figures published at noon today of the trade deficit for November were the worst on record. It amounted to 153 million pounds. This generated further unsettlement for sterling in the foreign exchange market, while the scramble for gold coins and silver continued in the bullion market.

We had a lunch at home today for Lord and Lady Birkenhead, Lord and Lady Poole, Beryl and Reggie Maudling, Yvonne and Jamie Hamilton, Lanning Roper and Nancy Lancaster.

During luncheon Prince Michel of Greece called me from Paris, to say the King had left Athens for the North, had dismissed the Cabinet, and civil war was threatened, since part of the Army had rallied to the King, but another part had adhered to the Junta in the capital. He asked me to telephone him late this afternoon if we obtained any information about this. Checking at the office, I found thus far

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we have nothing to add to what he told me. This could develop into a really serious situation.

Earlier in the afternoon I acquired a small Bessarabian rug from C. John, and a small K'ang Hsi blue and white plate from Hancocks. Auction prices for antiques are booming ahead without seeming to take into account the devaluation.

Tonight we dined with Norman St. John Stevas in Hampstead. The guests were Chiquita Astor, David Harlech, Kisty Hesketh, Princess Margaret, Lord Snowdon. David Frost, the television star, came in after dinner. The Snowdons were half an hour late, which was rather a bore, since when Royalties are expected, the others have to arr ive fifteen minutes in advance, but they made up for it by being gay and agreeable after their arrival.

Chiquita is the daughter of the Argentinian Carcer, who, when Ambassador here, was one of the best liked foreigners in England. She is uncommonly attractive.

Since the Snowdons seemed to have no intention of going home, E and I asked her to excuse us, and got away shortly after twelve o'clock. It was a [redacted] congenial party.

December 14, 1967 - Thursday

Went to Dr. Austin this morning to have my teeth cleaned. Afterwards, the new High Commissioner for Malaysia, Tan Sri Abdul Jamil bin Abdul Rais, called on me. Born in 1912, he was educated in Malaysia, and has passed his entire career in the civil service, this being his first diplomatic assignment. He talked almost exclusively of the high hopes entertained by his country through the thousands of young students they are sending abroad for education, of their being able upon their return to establish an efficient civil service.

At 12:30 I went to 10 Belgrave Square for the Master of Wine luncheon given by the Wine Magazine. Mrs. K. C. Bourke, the Editor of this publication, presided. The others were Harry Waugh, writer of authoritative books on wine, Luke Bayard, a notable judge of Port as well as other alcoholic beverages, and L. M. Broadbent, formerly in the business, but now in charge of the wine department at Christie's. It is the habit of those at these lunches to record on a microphone their comments on what they drink. Mrs. Bourke was [redacted] in California this autumn, and in connection with our lunch today some of the California wine producers had sent examples from their stocks.

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Consequently, we had for pre-lunch tasting the following six wines: White - Pinot Chardonnay, 1963 (Stony Hill); Pinot Chardonnay, 1963 (Wente Bros.); Emerald Dry (N-V) (Paul Masson). Red - Zinfandel (N-V) (Haraszthy Cellars, Buena Vista); Cabernet Sauvignon 1959 (Charles Krug Vintage Selection Cesare Mondavi); Cabernet Sauvignon 1957 (Louis M. Martini, Private Reserve, Special Selection). Just before we sat down at table we drank a bottle of Almaden Blanc de Blancs 1962 champagne from the Santa Clara district. Afterwards, with oysters, we had a Johannesberger Reisling of Souverain--excellent. With the roast sirloin of beef we drank two red wines -- a Beaulieu Cabernet Sauvignon 1958, and a Hertz Pinot Noir 1960. They were both good, though I thought the former held the edge. Accompanying a savoury of chicken livers and bacon we were given Korbel's Natural Champagne. It was [redacted] dry, did not greatly resemble the Almaden, but was satisfactory. At the end we had Port, a 1960 Tinta Madeira 1957. This was a good example of how different wines can be when given the same [redacted] name in several countries. It bore little resemblance to the English type of vintage Port, but it was a sweet, pleasant drink, with a distinction of its own. When we were not talking into the microphone, my companions held forth in a most entertaining manner about different vintages they had drunk all over Europe and the United States. Rarely have I enjoyed any occasion as I did this during a period of almost three hours.

Jack McCain came to see me this morning, to tell me of his decision not to send any ships of the Sixth Fleet to Greece or Turkey during the rest of December. They will probably divert several of them to Naples and other ports, to give the sailors a Christmas shore leave.

The news from Greece is disturbing. The King with his family arrived in Rome early this morning. The Government in Athens seems confident of maintaining control of the country.

I called Michel at the Hotel Plaza Athenee in Paris. I said I hoped he was going to Rome. His answer was he had already decided to do so, and had tickets for this afternoon. He knew nothing more than I did about what has occurred.

Charlie Coombs of the New York Federal Reserve Bank came to see me this afternoon, with Jim Griffin. I told him of my deep seated fears about the British economic and financial situation, as well as concern over the erratic gold movements in the London and Paris markets. I found him, [redacted] so influential at home and abroad in these matters, even more worried than I had anticipated. He said the

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run on the London gold pool this week had already been over 400 million dollars, and that tomorrow may prove to be another Black Friday, with losses possibly exceeding a quarter of a billion dollars.

At home, Treasury, Federal Reserve, and Administration officials are meeting to consider measures designed to bring equilibrium into our balance of payments. This may involve [redacted] amongst other expedients, curtailing tourist trips and investment abroad. Charlie thinks the British situation is desperately unsatisfactory; the huge credits we have recently granted them are being dissipated by runs on sterling and gold. Special airplane flights are bringing gold bars from the United States to Great Britain to meet the demand here, for the Bank of England's reserves are almost exhausted.

Speculation is now so widespread, gossip so rampant, confidence so impaired, that speculators are aching for the kill. Onassis, for example, is said to have bought eight million dollars worth of gold in the last few days, and some of the other shifty Greeks who seem immune to disturbances in their own country are supposed [redacted] to have done the same. The Mideastern sheiks are withdrawing immense sums of money from Great Britain, gold and silver hoarding is going on all through the East, especially in India, as well as in the West, and no doubt in Latin America. Charlie says the industrial demand for gold, coupled with actual hoarding, makes it unlikely that the central banks can add to their stocks for years to come.

He is against the United States imposing an embargo on the purchase or sale of gold at $35 an ounce. He thinks the resulting [redacted] disruption in the IMF and the whole international monetary system would be intolerable. On the other hand, he is frankly apprehensive whether we can arrest the present attacks. The arrangements made with European central banks to support the gold pool in London can be cancelled at any time by the participants, one or more of whom are already talking of doing so. Meanwhile, the French are gloating over the threatening situation, not fully realizing how quickly they might be engulfed by a crash.

I did not derive much optimism from this conversation, for when a man as resourceful and knowledgeable as Coombs is thus alarmed, the times are ill. He had been talking to bankers in the City and Treasury officials. He finds them disturbed and gloomy.

E and I went to dinner tonight at the Hilton Hotel, as guests at the Annual Ball in aid of British American Associates.

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About 500 people attended this function. I thought it a clever idea to sell programs, possession of which gave one chances on a raffle of assorted objects. Last year Jack Herfurt won a race horse in this way. It proved to be an expensive prize, for the horse has not displayed much vigor on the track, and he is now trying to sell him at auction.

December 15, 1967 - Friday

Admirals McCain and Kirn came to see me this morning. Jack frankly confesses he has nightmares about the presence of so many Soviet naval craft in the Mediterranean. I greatly enjoy my almost daily meetings with him--he calls me his Polad. I am becoming converted to his somewhat extreme views on the capabilities of the Navy, with particular accent on Polaris submarines and aircraft carriers. I hope he will remain here, and not, as has so often been the case with his predecessors, be incontinently transferred elsewhere. The only vacancies suitable to his rank that might occur before his retirement five years hence would be as Commander in Chief in the Pacific (CINCPAC) or as Chief of Naval Operations in Washington. I think he would jump at an offer of the latter position, and if this should come to pass he would and should accept it.

Ambassador Hugh Smythe is spending several days here, with Malta as his ultimate destination. A Negro, he has served as Ambassador to Syria. He has a PhD from Northwestern University, and has had long experience with UN and other international organizations. He struck me as being intelligent and well informed, agreeable, and [redacted] keen about his assignment.

Vincent Sheean came to see me. Andre Malraux, an old friend of his, talked to him freely in Paris about French conditions. He promised to try to get an appointment for Jimmy to see President de Gaulle, so he will remain in London until that is determined. He is engaged in writing a second volume of his autobiography; the first was popular and successful.

Lunched at Bucks. A slow afternoon at the office, so we were able to dispose of enough work to carry us through, I hope, until Monday.

I have checked on and off during the day on the gold market in Paris and London. There is a considerable run in London, but conditions were worse in Paris. Every one seems expectant of some sort of statement by the US Government over the weekend or early next week. Meanwhile, our precious gold bars keep rolling

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in from the air field at Mendenhall to the Bank of England.

The Swedish Central Bank today raised its discount rate from 5 to 6 percent, equalling an all-time high which prevailed for a short time at the beginning of the year.

The brokerage community in London is seething with rumors; one foretells an early devaluation of the French franc.

December 16, 1967 - Saturday

The Prime Minister is in a snarl over selling arms to South Africa. It is estimated the volume of possible orders from there might amount over a period of time to as much as 400 million pounds. The Labour Party in its majority is opposed to any relaxation of the present UN arms embargo. 135 Labour MP's, supported by eight Liberals, now support a Back Bench Bench motion against any change in this policy.

Yesterday the Prime Minister reiterated his statement of November 1964 about Government policy remaining as then set forth. Since George Brown is credited with being opposed to the Prime Minister on this subject, the Manchester Guardian says the PM "has successfully trussed the Foreign Secretary up like a sucking pig ready for the political oven." It also says an MP has observed "all Harold has to do when George comes in tomorrow is pop the apple in his mouth." We shall be hearing more about this.

Went to Miss MacInnes this morning. We had a good Scottish Highland talk. I [redacted] never before [redacted] knew it was she who recommended Eileen Gainfort to Betsey Whitney as secretary at the residence. She has treated Eileen's daughter since she was seven years old.

I have been stewing for a long time over threats to sterling, but even more, those [redacted] to the dollar. I do not [redacted] share Admiral McCain's impression about the Soviet Union being an immediate military threat to us, even though their naval penetration in the Mediterranean is highly dangerous and undesirable. I rather think we will have a breathing spell with them while they further develop an attack on us through economic and financial means. It would seem to me the basic Soviet thrust against us would be of a kind that [redacted] might precipitate a depression through wrecking the world monetary system. This with a possible unconscious assist by the French is not wholly impossible. Speculation in gold, now joined in by

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countries behind the Iron Curtain is a means to this end. The key currency is now the dollar; a dollar devaluation might spark off a world recession. Although we have firmly reiterated our intention of preserving the present gold price, the central banks of Europe are uneasy about continuing their support of this policy. We must, in my opinion, immediately do something to redress our existing imbalance of payments.

Virginia Surtees lunched with us today; the rest of the afternoon was spent in bringing flowers from the glass houses and dressing a large Christmas tree.

December 17, 1967 - Sunday

More Christmas tree work, in which I participated only as a spectator. I went to the office in the afternoon to read the weekend cables. The King of Greece is still dickering with the Junta about the terms on which he might return to his Kingdom. The papers are filled with accounts of a the split between Prime Minister Wilson, George Brown, Healey, and other members of the Cabinet on the sale of arms to South Africa. This has obviously become a major issue. The old-time doctrinaire members of the Labour Party will undoubtedly rally to the Prime Minister's support, but his personal prestige has been diminished by a series of recent events and he is no longer as fully master in his own house as he was before devaluation. George Brown is reported as being wrought up over this affair, neither Healey nor Callaghan can be feeling comfortable about it.

I am more strengthened than ever in my belief that devaluation is not the panacea for Britain's trouble--measures designed to cure impending difficulties may be thwarted by Socialist dogma. On the other hand, the Conservatives have little to propose, except the assertion, probably true, they would be able to enlist Confidence in a far greater degree than would their opponents.

December 18, 1967 - Monday

I went to Hancocks' silversmiths to buy Christmas presents. Just as there is a run on gold in the bullion market, those in the silver trade complain they are being swamped by purchasers. They say they will have to replace their existing stocks at considerably higher prices.

I lunched today with the Monday Club at the Savoy. Sir Leslie O'Brien, Governor of the Bank of England, was the guest. He was told anything he said

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would be off the record, he was trusting enough to take advantage of it with a frank discussion of the role played by the Bank of England, and the difficulties it has encountered with the Government. He was not improperly critical. Amongst other observations, he stated his belief in the imperative of the United States taking action to restore equilibrium in its Balance of Payments. I sat next him and found he was, like myself, disturbed over the possibility of the present sterling devaluation not holding. There is an apparent crisis of confidence amongst the central bankers of the rich nations. They all look to the United States for leadership, but are not convinced we will wisely supply it. I had a talk with the Governor about the complexity of British income tax laws and exchange controls. It is almost impossible [redacted] to expect these to be sensibly modified, since they have grown, like Topsy, over so many years, as have our own. I had a personal experience with this today. About 1952 I bought from Nancy Lancaster, when she was giving up her house in Charles Street, her dining room furniture. It was crated and shipped to Germany, later sent to the United States, where it languished for more than a decade in Security Storage. We then had it forwarded here, and lately I sold part of it to an [redacted] English man [redacted]. He sent me a check in payment, but thus far I have been unable to deposit the check or to cash it, since it seems to be ineligible for use in my "external account." I daresay there is a way to resolve this affair satisfactorily, but it may involve an application to the Bank of England before I can do so. I have been told I must buttress my arguments by pointing out the large amount of American dollars I have shifted to Britain to meet my current expenditures before I can obtain permission to dispose of this sterling currency.

I am glad to say USIA has relented sufficiently to order another 6,000-odd copies of the Economist pamphlet on Vietnam, far better propaganda from our standpoint than anything we could officially emit. I received today from Philip Goodhart, MP, son of Arthur Goodhart, a brochure he has published at his own expense [redacted] about his recent visit to Vietnam, which should also be popularized by us. I shall send home a telegram advocating this action.

The newspapers announced this morning the probable death of Holt, Prime Minister of Australia. He was swept out to sea and presumably lost in a skin diving adventure near Melbourne. This will be a sad blow to our policy in the East, for he was a staunch supporter of American policy there.

Tonight we had a reception for [redacted]

RECEPTION - MONDAY 18th DECEMBER 1967 - 6.30-8 pm

Acceptances

Sir Michael & Lady Adeane
Mr. & Mrs. Julian Amery
Sir John & Lady Balfour
Sir Tufton & Lady Beamish
Sir Rex & Lady Benson
Doreen Lady Brabourne
Mr. & Hon.Mrs. Christopher Bridge
Sir Walter & Lady Bromley-Davenport
Viscount Camrose
Lord Carrington
Mr. & Mrs. John Carter
Lady Elizabeth Cavendish
Mr. Richard Cavendish
Mrs. Cavendish-Bentinck
Mr. & Mrs. William Channing
Mr. Charles Clore
Mr. & Mrs. Aiden Crawley
Mr. & Mrs. John Crosby
Viscount & Viscountess de Lisle
Marquis & Marquise de Miramon
Mr. & Mrs. Rudolph de Trafford
Sir Philip & Lady de Zulueta
Mrs. Daly
Lady Dashwood
Mr. & Mrs. Michael Davis (Irving Trust)
Dowager Duchess of Devonshire
Sir Alec & Lady Douglas-Home
Mr. Francis Egerton
Mr. & Mrs. Felix Fenston
Mr. Michael Fish
Mr. & Mrs. William Fitzgerald
Mr. & Hon.Mrs. Alastair Forbes
Mr. Hugh & Lady Antonia Fraser
Mr. & Mrs. Alexander Frere
Prince Roderick Ghyka
Lord & Lady Gladwyn
Mr. & Mrs. Ronald Grierson
Mr. Hamish Hamilton
Viscount Harcourt
Mr. Charles Harding
Miss Joan Haslip
Mrs. James Hays (Justin O'Brien's niece by marriage)
Lady Hesketh
Mr. David Hicks
Mr. Raimund & Lady Elizabeth von Hofmannsthal
Sir Edward Hulton
Earl & Countess of Huntingdon
Mr. & Mrs. Kenneth Keith
Mr. & Mrs. Norris Kennard
Mrs. Betty Kenward
Viscount & Viscountess Lambton

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Acceptances ctd.

Mr. & Mrs. Osbert Lancaster
Mr. & Mrs. Nigel Lawson
Mr. Patrick & Lady Amabel Lindsay
Mr. & Mrs. Mark Littman
Mr. Selwyn Lloyd
Earl & Countess of Longford
Mr. & Mrs. J.H. Loudon
Miss Diana Lyle
Mr. & Mrs. Ian Macleod
Mr. Ian McCallum
Mr. & Mrs. Robin McEwen
Lord & Lady Melchett
Mr. Angus Menzies
Lady Alexandra Metcalfe
Mr. Raymond Mortimer
Earl & Countess of Perth
Mr. & Mrs. Peter Petrie
Mr. Henry Pleasants
Hon. Mrs. Aleydell Bouverie
Mr. Anthony & Lady Violet Powell
Mr. & Mrs. Lewis Preston
Mrs. Quennell
Mrs. Patricia Rawlings
Mr. Kenneth Rose
Mary Duchess of Roxburghe
Mr. Norman St. John Stevas
Lord St. Oswald
Marquis & Marchioness of Salisbury
Lady Sansom
Mrs. Severne
Lord Sherfield
Mr. Christopher Soames
Mr. John Sparrow
Mr. & Mrs. Henry Tiarks
Colonel & Mrs. Blake Tyler
Mr. & Mrs. George Weidenfeld
Mr. & Mrs. Alfred Wells
Count & Countess Zamoyski

Ambassadors

T.E. THE Belgian Ambassador & Madame van den Bosch
H.E. The Brazilian Ambassador
H.E. The Canadian High Commissioner
H.E. The French Ambassador
T.E. The Netherlands Ambassador & Madame van Roijen
T.E. The Portuguese Ambassador & Madame Rocheta
T.E. The Spanish Ambassador & Marquesa de Santa Cruz
H.E. Madame Reyes (Philippines) & her son
Mr. Gregorio Reyes

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Embassy DECLASSIFIED

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The Ambassador & Mrs. Bruce
Mr. & Mrs. Monteagle Stearns
Mr. & Mrs. Sheldon Krys

Not Yet Replied

Princess Joan Aly Khan
Sir Frederick Ashton
Hon. Michael Astor
Mr. Cecil Beaton
Mr. Hercules Bellville
Sir Isaiah & Lady Berlin
Hon. Michael & Lady Pamela Berry
Baroness Budberg
Mr. & Mrs. Michael Canfield
Mr. & Hon. Mrs. John Chancellor
Mr. Peter Coats
Lady Diana Cooper
Hon. Robert Corbett
Mr. & Mrs. Cyril Connolly
Miss Cicely Corcoran & Miss Meredith White
Viscount & Viscountess Cranborne
Earl & Countess of Cromer
Ambassador & Madame de Propper
Mr. & Mrs. Evelyn de Rothschild
Earl & Countess of Dalhousie
Earl & Countess of Dalkeith
Duke & Duchess of Devonshire
Mr. Peter Eyre
Miss Joan Fleishmann
Mrs. Ian Fleming
Mr. John Fowler
Mr. John Galliher
Mr. Frank & Lady Katharine Giles
Viscount & Viscountess Hambleden
Lord Harlech
Lord & Lady Inchyra
Patricia Countess Jellicoe
Mr. & Mrs. Ludovic Kennedy
Mr. & Mrs. David Keswick
Miss Maggie Keswick
Count & Countess Kinsky
Marquis & Marchioness of Londonderry
Mr. & Hon. Mrs. Maurice Macmillan
Lady McEwen
Mr. & Mrs. Alexander McEwen
Mr. David McEwen
Mr. John McEwen
Mr. & Mrs. Rory McEwen
Miss Anne Mansfield
Mr. & Mrs. William Mostyn-Owen
Count & Countess Paul Munster
Duke & Duchess of Northumberland

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115D

Not Yet Replied ctd.

Viscount & Viscountess Norwich
Lord & Lady Ogilvy
Mrs. Phipps
Sir Nicholas & Lady Sekers
Mr. & Mrs. Jocelyn Stevens
Sir Richard & Lady Sykes
Mr. Colin & Lady Anne Tennant
Lord & Lady Thorneycroft
Ava Vkscountess Waverley
Mr. John Wells
Mrs. Armin A. Urlebacker
Mr. Peter Wilson
Lady Victoria Yorke

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Luncheon - Embassy residence - December 19, 1967

Ambassador and Mrs. Bruce
Mr. and Mrs. James Callaghan (Min. of Home Affairs)
Sir Denis and Lady Greenhill (Foreign Office)
Mr. and Mrs. Michael Palliser (Pltcl Private Secretary)
Mr. and Mrs. Donald Tyerman (Columnist, former Editor Economist)
Mr. and Mrs. Anthony Lewis (New York Times)
Lord and Lady Donaldson
Mr. and Mrs. Marcus Cunliffe (Journalist)
Mr. Charles Wintour (Evening Standard)
Mr. and Mrs. Skoufis (Embassy)
Miss Anne Mansfield (Niece Senator Mansfield)

Regretted

The Speaker and Mrs. King
Sir Isaiah and Lady Berlin
Sir Con and Lady O'Neill

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December 19, 1967 - Tuesday

Michael Palliser called me this morning, to say the Prime Minister would like to see the President in Melbourne after Prime Minister Holt's funeral. In fact, unless an appointment for them to meet privately can be arranged, the Prime Minister probably will not go. I sent a flash telegram to the Department [redacted] and received a speedy reply saying the President would be delighted to meet him in Canberra, which would be a better place because of security reasons. The Prime Minister, however, does not want to go to Canberra, so we are communicating back and forth to see what can be arranged.

Joe Fromm called on me this morning. He is exercised over the small group of American press correspondents who have had weekly access to 10 Downing Street having been debarred from further such meetings. He ascribes this to the still active irritation of the PM over the Flora Lewis article. Joe has handled this affair tactfully, [redacted] merely informing his fellow journalists of the cessation of [redacted] visits to Downing Street until after the Christmas holidays. He believes the Prime Minister's domestic political tribulations, together with his obsession over allegations about himself and Marcia Williams, have shaken his imperturbability. In Fromm's opinion, the PM has lost his touch for reconciling the always warring groups in his own party. Although still the Old Master, his prestige in and out of Parliament has gravely and dangerously diminished, but there is no one who can really threaten him for leadership.

For lunch today we had these guests:

I sat between Audrey Callaghan and Lady Donaldson. Lady Donaldson is the daughter of Freddie Lonsdale, the playwright, who in his day wrote many successful comedies. I knew him well in New York, and he stayed with me at Staunton Hill. He died thirteen years ago at the age of 67.

Rowlie Cromer came to the house this afternoon.

Tonight we dined with Diana Phipps. Her parties are always fun, the conversation, food and wine superb, and the company the same. At dinner I sat between her and Amabel Lindsay. The guests were: Amabel and Patrick Lindsay, Cecil Beaton, Sandra and George Weidenfeld, Romana and Rory McEwen, Mrs. Afdera Fonda, David Bailey, Mr. and Mrs. Wm. Mostyn-Owen (Christie's), John Wells, Mr. and Mrs. Mark Littman, and Mr. Robert Helsmoortel (an American artist).

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My talk with Rowland Baring was interesting. He has little faith in the present government's ability to cope with the deteriorating economic state of the country. He told me of his experience, as Governor of the Bank of England, when he had, during a call on Prime Minister Wilson at 10 Downing Street, three times started to leave the house because of the abusive and personal character of the enraged Prime Minister's remarks to him. He has no confidence in Wilson's character, or his judgment in economic and financial affairs. In the absence of early, tough, unpopular, and sensible programs being put forward and adopted, he believes another devaluation of Sterling might well take place in 1968. He said this fear is prevalent in central banking circles of Europe, as well as in the City of London. If another devaluation should occur, he believes it would be followed by similar moves in many other countries and might well generate a world-wide recession.

Like Leslie O'Brien, he considers it extremely important for the United States to correct the disequilibrium in its balance of payments, but in doing so the action would impose large losses on Britain. The essential thing, in his opinion, is to bring about the rebirth of confidence here and abroad in this country's ability to handle its problems. The business community should be furnished incentives by reduction of taxes and inducements to increase exports.

December 20, 1967 - Wednesday

Admirals McCain and Kirn came to see me this morning. Some vessels of the Sixth Fleet had expected to go to Greece and Turkey during the Christmas season, but Jack has now wisely decided to send them elsewhere. The situation in Greece remains unsettled. The King in Rome has been dickering with representatives of the Junta, but no agreement has been reached.

I went to see Ted Heath at noon in his Albany flat. He believes the present government incapable of taking the actions necessary to pull Britain out of its morass. I questioned him about the circumstances under which a change of leadership in the Labour Party, or a general election, might take place before the end of the present mandate. As far as I could comprehend the technicalities, only chaotic events would bring this to pass. He is flying tonight with Prince Charles and the Prime Minister to Australia to attend the Holt funeral. Since Wilson and Heath are scarcely on speaking terms, I would suppose there would be little geniality on the plane.

SECRET

Sasha arrived this morning on a night trip from Boston. We lunched at the Turf Club. She seems happy, and glad to be here, but is suffering from a bad cold.

After lunch, I signed the condolence book at the Australian High Commission office.

Ben Wood called at the office this afternoon. He is on leave from Vietnam where he is political advisor to a Province. He is moderately optimistic about our operations there, thinking we are making real progress. There has been an improvement, although slow, in the efficiency of the Vietnam military.

Tonight we had the annual Embassy Christmas party at home, to which all members of the staff and British employees with 10 years or more service are invited with their wives. About 600 people attended, and I hope found it, as we did, enjoyable.

At 8:45 p.m. I took Sasha, her roommate Liz Gimbel, and John Murray to the movie 'Bedazzled', produced and directed by Stanley Donen, who had sent us tickets. It was the film's first showing. The authors and principal actors were Peter Cook, Dudley Moore and Eleanor Bron. A lesser but beautiful female light was Raquel Walsh, who played the part of Lust... her figure is beautiful enough to attract any kind of attention. It was an amusing show on the theme of a Man bartering his soul to the Devil in return for the gratification of his Desires. It was sheer farce. John Murray said Dudley Moore might have been a brilliant professional pianist if his many talents had not diverted him to other entertainment occupations.

December 21, 1967 - Thursday

David arrived this morning from Boston.

Last night we [redacted] sent this telegram to the [redacted] President in Melbourne:

I followed it up today by the following comment on it:

Al Desser, who was once with me in the Marshal Plan French Mission and is now a Federal Labor Mediator, came to see me.

Afterward, I went to Miss MacInnes.

TELEGRAM DECLASSIFIED Authority of the United States of America

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OUTGOING AMEMBASSY LONDON

CONFIDENTIAL
Classification

Charge: STATE Control: 4952

Date: December 20, 1967

ACTION : Amembassy CANBERRA IMMEDIATE 184 2004 p.m.

INFO : Secstate WASHINGTON 794
Amembassy BONN 1128
BRUSSELS 764
LUXEMBOURG 214
ROME 775
PARIS 1992
THE HAGUE 564

LONDON 4952
FOR THE PRESIDENT

CRS 2
AMB
E:MIN
PAO
PM
4
POL 3
E:FN
E:GEN
SUPVR
MASTER

17/brj

You may find the following background useful for your session with Prime Minister Wilson:

1. The Labor Govt and Prime Minister Wilson are at their lowest point since coming to power. Unsuccessful economic and financial policies culminating in devaluation have dealt to the Govt/confidence of British and international economic and financial circles. Wilson's personal standing within the Labor Party and in the country has steadily deteriorated in recent months. His handling of devaluation and subsequent issues, notably the South African arms bid, have strained his relationships with Cabinet colleagues and Labor MPs. His limited influence with trade unions will be weakened

Drafted by: E/MIN:SMCleveland:PM:RISpicer:pbg Office: The Ambassador
POL:WJCalloway:ed
Comments: Cleared by the Ambassador;

Form DS - 322
(8-67)

CONFIDENTIAL
Classification

118B

TELEGRAM FROM In Service of the United States of America

OUTGOING

CONFIDENTIAL
Classification

Charge: Control: 952

PAGE 2 Date:

further by prospective budgetary measures and efforts to restrain wages. French veto of negotiations on Britain's application for EEC membership has been a further blow. Hence Wilson and his Govt face a situation demanding stringent economic policies with less authority and room for maneuver than at any time in the past three years.

2. Yet Wilson and his Govt face series of hard decisions in the next month which will call for all the authority they can muster. There is general agreement that domestic measures announced last month to take advantage of opportunity created by devaluation are inadequate. New measures being worked on will be announced when Parliament reconvenes next month. Key is to compress domestic demand by cutting planned Govt expenditures (and raising taxes) by 400 to 500 million pounds (1 to 1.2 billion dollars or some ½ of Govt operating budget). Such action required to restore shaken confidence and make room demand for necessary shift to exports.

Drafted by: Approving Officer:

Concurrence:

FORM FS - 502 (8-63)

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TELEGRAM In the Service of the United States of America

OUTGOING

118C

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Classification

Charge: Control: 4952

PAGE 3 Date:

3. Savings of this magnitude must come largely from major budgets (figures), On domestic side this means education, housing, family allowances and other social services (including National Health). All of these are cherished "sacred cows" of Labor Party; left wing of party is already howling at the prospect, and can be expected to organize maximum pressure in Cabinet and Parliament on Friday to eliminate or limit cuts. Chancellor Jenkins faces a hard fight on these cuts in Cabinet and will need Prime's full support.

4. In these circumstances there will be strong pressure for major cuts in defense expenditures. Despite fact there is not much immediate saving to be made here, Govt will realistically have to make some cuts on defense to make social service cuts acceptable. There are three broad areas in which to ply the knife:

a. Accelerate pull-out East of Suez -- very little budgetary saving possible, and considerable international cost in relations with Australia,

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Clearances:

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Singapore and Malaysia. But this is favorite whipping-boy of the left and good way to buy its support for tougher domestic cuts.

b. Take another slice of BAOR (5000-man reduction agreed last spring starts in January). This would seriously prejudice NATO relationships and especially UK-German relations crucial to Common Market bid, as well as unpalatable to US.

c. Military equipment; some saving possible (e.g. earlier scrapping of aircraft carriers). But cancellation of F-111 contract with US offers biggest savings (depending on cancellation costs and effect on offset). Though such a decision would cause major Cabinet battle and probably force DefMin Healey's resignation, it would be popular with those whose support Wilson is trying to buy.

5. These are the major choices which will be on the Primin's mind when he sees the President, and we would

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PAGE 5 Date:

be surprised if he does not ask for some help HM or at least "understanding" from the US to get him over the hump.

BRUCE

Drafted by:

Approving Officer

Concurrences:

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TELEGRAM FROM Service of the United States of America

OUTGOING

SECRET
Classification

Charge: STATE Control: 4954

Date: Dec 21, 1967
1130Z

ACTION: AMEMBASSY CANBERRA 185 IMMEDIATE

AMB
CRS
E:MIN
PM
POL
POL:L
6 cdw

INFO: SECSTATE WASHDC 745

LONDON 4954

EXDIS

FOR THE PRESIDENT FROM BRUCE

Subject: President Johnson and Prime Minister Wilson Meeting at Melbourne

1. In connection with Embtel 184 to Canberra I should like to make follcwing comment.

2. PrimMin Wilson's domestic political position has been so eroded that it is impossible to forecast now whether remedial financial and economic measures essential to real confidence in Britain and elsewh.re in his policies will be accepted, in necessary measure.

3. Under the circumstances, I urgently suggest that the President offer him at this time nothing more than a sympathetic hearing, and say he will be glad to discuss the program when it has been definitely settled upon, and looks forward to doing so at Washington in February.

4. After a wild Christmas binge of buying, in considerable degree increased by a desire to convert distrusted currency into goods, a Winter of even heavier discontent is almost certain to distress the British. Meanwhile, I believe we should buy no pig in a poke.

Drafted by: AMB: BRUCE
Concurrences: Dec 21, 1967
Approving Officer:

Form FS - 502
(6-62)

SECRET
Classification

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TELEGRAM

Foreign Service of the United States of America

OUTGOING

CONFIDENTIAL
Classification

Charge: STATE

Control:

Date:

ACTION: SECSTATE WASHDC

LONDON

FOR ASSISTANT SECRETARY OLIVER FROM AMBASSADOR BRUCE

1. Saw today Victor Santa-Cruz, Chilean Ambassador Great Britain. He had just returned from Santiago. He said his Government had decided to ask Britain to arbitrate Argentinian-Chilean dispute over off-shore islands. He understood American Ambassador to Chile had instructions from State Department on subject. What he wanted me to do was to request instructions for myself to approach Argentinian Ambassador London and inform him, if this were indeed the case, the USG would welcome acceptance by his Government of British arbitration. I told Santa-Cruz I had no previous knowledge of subject, but would be glad to query Department and carry out any orders to make representation if Department so decided.

2. Please instruct.

BRUCE

Drafted by: AMB:DBruce-hm
Dec. 21, 1967

Approving Officer:

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FORM FS - 502
(8-65)

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119.

Lunched with Victor Santa-Cruz at White's. He has just returned from Chile where he went for his son's marriage.

He told me about the dispute now raging between Argentina and Chile over three off-shore islands, asking me to request the State Department to give me authorization to discuss the matter with the Argentine Ambassador here. This I did by telegraphing the Department:

Nicky arrives by train this evening from Rome.

Monnet telephoned me this afternoon from Paris. He thought his recent American trip was successful; in the course of it he had a long and, he said, satisfactory talk with the President.

Prince Michael has returned from Rome, and I talked to him at his hotel in Paris. Having finished his conversations with his cousin, he does not think it would be advisable to return to Greece until the situation there is more settled. At any rate, he is not under consideration as Regent, for, since his marriage to Marina, he is not in line of succession. Therefore, he proposes to leave with Marina tonight for the Caribbean, where they will remain ten days or longer.

The reserves of the Bank of England, as reported by us this week, are down to about two billion dollars. This is, of course, a deceptive figure, as most of these reserves are in hock. Thus far there has been little return flow of reserve deposits to the Bank.

For the first time in more than a year we had all three children together in the house. Nicky, however, did not tarry long after his arrival here before going out to dinner at the Weidenfeld's, where David later joined him for a party of young people.

December 22, 1967 - Friday

Quiet at the office this morning; we hope to close it by 5:30 this afternoon. We have been told that later in the evening the Committee for One Hundred will sponsor a demonstration in front of the Embassy during which 'dirty Christmas carols about Vietnam' will be sung. Afterward, they are expected to perform in similar manner at the Residence, though I cannot fathom what might be the content of dirty Christmas carols.

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Had a haircut at Claridge's this morning; on the way back to the office I stopped in at Bluetts and bought a 12th century green Sung headrest and a K'ang Hsi blue and white beaker.

Lunched at Bucks. The streets between the Club and the office were thronged with shoppers, and some of the stores I glanced into looked as if they had been subjected to pilferage, so sparse were the goods on their shelves. I am told this may be the greatest Christmas season for retail sales London has ever known, due to holiday [redacted] coupled with the idea the Pound may buy less in the future.

We have a four-day holiday facing us. Telegraphic traffic from Washington has noticeably slowed. The President left Australia today for Bangkok, whence he will return home via Rome.

Our building is less peopled than usual, for many of the staff have gone on vacation; others, like Messrs. Kaiser, Brubeck, Skiff, and Eleanor Ostermeier, are away on home leave.

I wrote the following letter to Anna Hoffman about Paul:

Sometime ago Sir Richard Glyn, who is preparing a book on horses, enquired about the horse population in the United States. I was entirely dissatisfied with the answer prepared for him, since it more or less indicated that we no longer had horses. I appealed to the Department of Agriculture, and today was able to send this letter to Sir Richard:

Saturday, December 23, 1967

Feeling seedy this morning. Perhaps I am catching my annual cold. E., Nicky, Gully Wells and I went tonight to the National Theatre to see 'Rosencrantz and Guildenstern are Dead' by Tom Stoppard. This play is a sell-out whenever presented. It was, as one might have expected, excellently cast and performed, but the theme is attenuated Hamlet. The National Theatre is a wonderful institution. Laurence Olivier and his associates have been spectacularly successful in directing the staff. Moreover, the board, with Lord Chandos as Chairman and Sir Kenneth Clark as one of ten distinguished members, have maintained the highest possible standard for the operations of what is still lovingly referred to as 'The Old Vic'.

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December 27, 1967

Mrs. Paul Gray Hoffman,
8 Sutton Square,
New York, N. Y. 10022.

Dear Anne:

Evangeline and I want to thank you for sending us A Tribute to Paul G. Hoffman. We have both read it with great pleasure and interest.

In my opinion, glowing and deserved as these tributes are, they still fall short of the reality of Paul's life and the manner in which he inspired not only good works but good and bad people to a higher level of achievement than they would have reached if they had not been subjected to his influence.

I count it as one of the greatest privileges of my life to have worked for him.

With most affectionate regards to you both,

Ever yours,

David Bruce

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December 22, 1967

(Dear Sir Richard)

In further reference to your letter requesting information on the horse population of the United States, the United States Department of Agriculture has provided the following statistics:

The estimated total by breeds: 2,500,000
Estimated numbers by breeds:

Quarterhorse - 445,000 registered,
250,000 not "

Thoroughbred - 460,000 registered,
100,000 not registered

Appaloosa - 82,000 registered

Arabian - 75,000 registered,
20,000 not registered

Morgan - 10,000 registered,
3,000 not registered

Other breeds and cross-breeds - 1,050,000.

I hope that this information will be of help to you in preparing your book. If we can be of further assistance, please do not hesitate to let us know.

Sincerely yours,

David Bruce
American Ambassador

Colonel Sir Richard Glyn, Bart., O.B.E., T.D., D.L., M.P.,
House of Commons,
London, S.W. 1.

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December 24, 1967 - Sunday

There is an epidemic of flu raging in London, and I am one of its victims. Spent the day in bed with fever as an unwanted companion. This suite of days running from Saturday through Tuesday, December 26 (Boxing Day) is a good time to be ill, since official business in Britain will be at a slow tempo. The Prime Minister, upon his return from Australia, will have a single Cabinet meeting tomorrow, then is expected to depart for a vacation in the Scilly Isles.

December 25, 1967 - Monday - Christmas Day

The house is lovely with one huge and several subsidiary Christmas trees.

Great ceremony of unwrapping presents, with occasional squeals of pleasure from the children and barking from the dogs, each of whom has a stocking.

I spent most of the day abed, still feverish.

Wrote letters of thanks to generous friends who had sent me gifts. One of them was 3 magnums of 1959 Chateau Margaux from Felix Fenston; another was enough Aqua Filters from Max Rayne to outlast my lungs.

December 26, 1967 - Tuesday

Boxing Day is a holiday in the British Isles, but not in Scotland. The Embassy was closed.

I had been looking forward for weeks to seeing The Relapse tonight at the Aldwych, but refrained from doing so.

December 27, 1967 - Wednesday

Still housebound. There has been a run of perfect weather, but I have not breathed fresh air since last Saturday. Tonight I rallied to dine at home with Georgina Forbes (Ali is taking a slimming cure in Germany), Amabel Lindsay, Kistie Hesketh, her three children, and our three. The others went off to a party at Diana Coopers.

December 28, 1967 - Thursday

Jane and Bob Joyce, Polly Wisner, her children Graham, Wendy and Frank, David Sulzberger, Cecily Corcoran, came to lunch. Afterward, I went [redacted] to the Navy Dispensary to consult [redacted] Commander Chappelka. He found nothing wrong with me except the remains of a deep chest cold. Blood pressure 120 over 80. He had taken his wife and children to ski at Zermatt,

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but they had the bad luck to find there the least amount of snow in 30 years. They motored back yesterday and last night from Frankfurt in a Volkswagen, a drive of 440 miles. He is a wonderful fellow.

At the office, I found little to do. Yesterday I read the telegrams accumulated over the holidays, and today the take was small.

We are having trouble trying to induce the ICC to police the use of Cambodia as a retreat for the Viet Cong and North Vietnamese. The King seems to construe neutrality as meaning the allowance of the use of his territory for hostile acts against the United States, but shrilly denounces our supposed desire to violate his borders. The North Vietnamese have invaded Laos with considerable forces. Pressures at home are strong for us to take ground action in hot pursuit both in Laos and Cambodia.

Demographic projections of future population figures are intriguing. The latest I have seen calculates that by the year 2000 the Americans will number about 327 million, while the citizens of the USSR will approximate 320 million. One-sixth of the Americans will be non-white.

I have read half a dozen books in the last three days, amongst them an interesting life of Montagu Norman, for over twenty years Governor of the Bank of England. I met him several times in the '20's when he was at the height of his autocratic power. A complex character, full of charm, with a mania for secretiveness, dressed and looking like an artist, his views, although he was a great financial technician, are now considered to have been [redacted] out of tune with the necessities of the time. When Britain went off the gold standard, his spirit died, although he lingered on until the age of 79.

Maynard Keynes bitterly opposed him on many measures. This stimulated me to reading more about Keynes than I [redacted] previously had. He, too, was a man of great charm which, as a homosexual, he exercised widely. His influence on economic thought was greater than that of any of his contemporaries, but it seems to me he went wrong on several important occasions, starting as early as the Peace Conference, where his personal prejudices against Woodrow Wilson and some of the other Allied statesmen distorted his judgment.

Last night I read Pauline de Rothschild's book on her stay in Russia. I thought it a minor masterpiece of intelligent observation and appreciation, and, like everything she writes, marked by an elegantly spare style.

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December 29, 1967 - Friday

Stayed home all day - feverish again. E. now has same complaint - has totally lost her voice. Even the dogs have colds. The hospitals are not able to absorb the applying flu sufferers. That fine man, former Canadian Prime Minister Vincent Massey, who came here to visit relatives, is one who died.

Am reading trash for recreation -- the best is the adventure stories of Jean Bruce, the Frenchman thirty-million copies of whose works were sold in ten years. They are even tougher than the James Bond thrillers.

December 30, 1967 - Saturday

David left for Paris several days ago to stay with friends. The other two children spend most of their time at the movies or theater.

December 31, 1967 - Sunday

A call from Washington yesterday warned me to be on the alert over the weekend for possible important messages. I assumed it was about the Balance of Payments situation at home, with which our people have been concerning themselves.

We and other European capitals had been asked to report where the leading figures in respective governments might be found over the holiday period. Most difficult to track down here, if the necessity arises, would be the Prime Minister, who is vacationing in the Scilly Isles. This morning long telegrams from the Department were on the wires. They did not reach us until after noon. Pete Skoufis, Bill Galloway, LeRoy Percival, [redacted] riffin, Sheldon Krys and Henrietta Morris began to cope with them. I fo[redacted]ael Palliser and Michael Halls were away from London. George [redacted] the continent. I was instructed personally to carry the major [redacted] alance of Payments to the Prime Minister and discuss it with him. [redacted] entirely impracticable, since it was impossible to arrange transpo[redacted] to the Scilly Isles before nightfall. After talking with Derek Andrews at 10 Downing Street, I sent the letter from the President to the Prime Minister, together with the [redacted]eech the President intends to make at 11:00 o'clock Washington time on [redacted]ary 1, 1968, over the secure Downing Street wire to Harold Wilson. [redacted]g done this, we had a long confabulation at the office.

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I am glad our Government has at last taken this step -- Continental and European governments have for a long time advocated our adopting drastic measures to correct the U. S. imbalance of payments. The remedies proposed are fairly drastic and should achieve their desired end.

As soon as these measures are publicly known, they will be intensely criticised at home and abroad, but something of this sort seems to me reasonable and essential. The communication from the President, and my letter to the Prime Minister were:

Although tomorrow is an American holiday and the Embassy will be theoretically closed, most of the key figures in the economic and political sections will be on duty with me at the office.

American exchanges will not be open tomorrow. I guess they will fluctuate in animated fashion on Tuesday. Elaborate precautions have been taken at home to avoid the President's speech leaking before he delivers it, but I doubt their effectiveness. One by-product of the security surrounding this transaction is that, as far as I can ascertain, Roy Jenkins, Chancellor of the Exchequer, has not been informed by us of what we propose to do.

Tonight the following guests dined with us and stayed on to welcome in the New Year:

The consensus was that it would be almost impossible for 1968 to be as unfortunate a period as 1967.

For me, 1967 was the year of the most tragic experience I have ever had -- the death of Audrey.

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December 31, 1967

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I received early this afternoon instructions from the President:

1. To deliver to you a letter from the President;

2. In a personal visit at the time of delivery to make an exposition of the contents of an announcement on a United States Balance of Payments program to be made by the President at 11:00 hours, Washington time, Monday, January 1, 1968.

I have investigated the possibilities of carrying out these instructions by going to the Scilly Isles this afternoon, but am advised that, even under the most favorable travel arrangements, I would not be able to arrive there until some hours later than these messages could otherwise be safely communicated to you.

I have, therefore, taken the liberty of deciding to transmit to you through your facilities at 10 Downing Street the two documents I have mentioned.

I have been expressly enjoined to stress the personal and confidential nature of the President's letter, and the need to keep its existence and content strictly private.

- n another

The Rt. Hon. H. rold Wilson, O.B.E., M.P.,
The Prime Minister,
10 Downing Street, S.W. 1.

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In another instruction today, I have been asked to ascertain whether Under Secretary of State Katzenbach could meet with you on the morning of January 2, 1968, to discuss this program, or, in your absence, with the 'Acting Head of Government'. He would also like to talk to key ministers and officials in trade and monetary fields. His tentative plan is to spend that morning in London as the first stop on a visit to several European capitals to discuss the balance of payments program with Heads of Government and their key ministers.

I have also been directed to say that Mr. Katzenbach will be prepared to stop in London again, if you so desire, at the end of his Continental trip (terminating January 6) to discuss with HMG his talks in other capitals. This information is not being furnished to other U. S. missions or foreign governments.

If you should wish me to inform the Chancellor of the Exchequer, or anyone else in the Government, about this matter, I would be glad to do so. I shall be available to talk with you by telephone if you so desire.

Sincerely yours,

David Bruce

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BEGIN QUOTE -

Dear Harold:

We are at the end of a difficult year, and both our countries have much unfinished business to carry forward. It is encouraging to recall, nonetheless, that it has been a year in which our close consultation and collaboration have helped produce a number of memorable achievements -- the maintenance of security arrangements in Europe, the agreement of the new reserve unit in the IMF, the completion of the Kennedy Round, to recall a few. We are not yet out of the woods in the Middle East, but we have certainly made progress, with the passage of your Resolution in the Security Council.

We can take heart also from the success we have had through our joint efforts and through the cooperation of the other financial powers in meeting the critical problems of November and December and in restoring a sense of confidence and order to the world's financial system.

The speculative fever of these weeks has severely tested our methods of cooperating on economic problems; but, we have continued to work together effectively in a financial world suddenly beset by fear and disorder. We have, thus far, met and repelled a serious threat to the foundations of the international monetary system, which, in turn, could also have undone the accomplishments of the Kennedy Round and the unity of the system of international commerce.

Meanwhile, the agreements at London and Rio on a plan to supplement existing reserve assets are a further reason for solid satisfaction, as we look to the longer future.

In both of these achievements -- the long-range improvement of our international monetary system and the recent defense of the existing system -- James Callaghan at the Treasury and Leslie O'Brien at the Bank of England have played important and indeed vital roles. I know that they have contributed much to the recent efforts to preserve order in the gold and foreign exchange markets. I am reassured by our mutual determination to exert a constructive force in the world financial system. This I know reflects a clear common understanding of the importance of international monetary cooperation in creating that environment of safety and opportunity which is required for the continued growth and stability of our nation's economies.

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As you know, we, as well as our trading partners, have been concerned about the balance of payments position of the United States. This concern has been increased by the events of recent weeks. As a result, I am announcing on January 1, 1968, a new and vastly strengthened program to reduce our deficit and guarantee the continued viability of the international monetary system.

In the program, I will press for the tax increase to restrain excessive demand in the United States and to reduce our budget deficit to manageable proportions. I hope that this bill will soon become law. This, in itself, should be a helpful factor in our balance of payments and should demonstrate to the world that we will keep our own economic house in order. And the Federal Reserve has already made clear its determination to use monetary policy to this end.

But much more needs to be done; and we propose to do much more. Our balance of payments actions are designed to improve both our current and our capital accounts.

These actions will be painful to the United States and, to some degree, to our international partners. They are designed to avoid as far as possible adverse effects on the developing areas of the world. We hope they will result more in the reduction of surpluses than in the shift or increase of deficits. And we have kept very much in mind the views of other countries and the international economic institutions.

In this effort we wish to proceed within the spirit and the letter of the recent resolution of the OECD Ministerial Council that the adjustment of the American deficit and the European surplus is a matter of common concern to be handled cooperatively. Surpluses in international payments are the mirror image of deficits. Thus, both surplus and deficit countries must strive to reach balance and act cooperatively to this end. This is no less true in the 1960's than it was in the late 1940's and '50's, when we carried the responsibilities of a surplus nation. This concept was definitively developed by our best economic and financial experts in a carefully prepared OECD report on 'The Adjustment process' in August 1966.

Our deficits have been the net result of a current account surplus, including a trade surplus, inadequate to support foreign exchange costs of our external capital flows, foreign aid programs, and military expenditures for the common defense. During the period of the 'Dollar Gap', these deficits helped redistribute the world's monetary reserves -- the time has come, we all agree, to bring them to an end.

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As we see the problem, we need to act to improve our current account, reduce capital outflows, and neutralize more fully our net foreign exchange expenditures in the common defense. Our new program is designed to move us strongly towards equilibrium. But full success will require the understanding and cooperation of our partners. It seems axiomatic to us, and basic to our view of the OECD Resolution, that those in strong reserve positions, or in surplus, should avoid actions that increase surpluses, should not take off-setting action to preserve their surpluses -- indeed, that it will be necessary for them to take positive action to move toward balance. Otherwise, the only result will be to shift the adjustment burden to those who can least bear it or to make it more difficult for us to achieve balance. In our judgment -- and, I believe, in your judgment -- it is important for the United States to move decisively toward balance with the last possible dislocation to the world's system of trade and finance. Our mutual security and collective well-being, which rest upon the continuing strength and unity of the international economic system, are at stake.

It is against these fundamental objectives, which I am sure are common objectives, that I hope you and your Government will judge our new and strengthened balance of payments program. I have asked Ambassador Bruce to call on you to explain our new program more fully. I have also asked Under Secretary Katzenbach to visit with you in London to review further both this program and the entire scope of our mutual cooperation. I trust you and your key ministers will support this program and, thereby, help preserve confidence in the system we have built so diligently together over the past twenty years. I am looking forward to seeing you in February.

Sincerely,

Lyndon B. Johnson

- END QUOTE

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GUEST LIST - for NEW YEAR'S EVENING, Dec. 31, 1967

Mr. and Mrs. Mark Littman (Barrister)
Mr. John Murray (Publisher)
Mr. Murray
Miss Murray
Mrs. Phipps
Mr. St. John Stevas (MP)
Lady Hesketh
Robert Hesketh
Johnson Hesketh
Nicholas Bruce
Alexandra Bruce
Lord Norwich

Amb & Mrs. Bruce

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Lester Wolff, a former Public Relations [redacted] was critical of a good deal of the program, but the others seemed to approve it.

Mr. and Mrs. Aurelio, he being Javits' principal assistant, came to see me. They are in London on vacation, and in five days have seen nine plays. They are delighted with their stay, and [redacted] enthusiastic about London and the British.

Aurelio says Javits has already started his campaign for reelection as Senator, having more or less scuttled the movement to make him a Vice Presidential nominee on the Republican ticket. He thinks the only serious opponent the Democrats might [redacted] put up [redacted] Arthur Goldberg, but doubts Goldberg will extricate himself from the UN in time to become a contender.

Tonight, the others went to see 'Far from the Madding Crowd'. I remained to deal with an accumulation of homework.

David returned today from Paris enthusiastic over his stay, in the course of which he appears to have visited more places of historical interest than in all his previous experience of that City.

At times I become depressed by the number of matters I have to deal with at home. Few of them can be delegated to other people, for they concern private business affairs, my responsibilities as a guardian for [redacted] infant children, a rather vast correspondence. To boot, I am never safe at the house from telephone calls about a miscellany of matters. Sometimes I feel many of my fellow citizens regard me as a personal travel and inquiry bureau. Often in the middle of the night I have been preemptorily requested to send doctors for their succor, to guarantee their payments at restaurants and night-clubs, or in other ways to assist them. My latest plague tonight was Randolph Churchill, who seems to have sworn a vendetta against an American called Miles Copeland. As far as I could gather from poor Randolph's raddled voice, [redacted] Copeland and he are engaged in a television altercation. [redacted] Churchill suspects he is a former CIA employee, wishes to check on that, also on whether Copeland is a retired Foreign Service Officer. After a bit of research, I was able to inform Randolph that Copeland had indeed served at least once in a Middle East embassy.

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Jack McCain returned this afternoon from New York, where his speech had been, he thought, successful. In Washington and New York he met many friends. Some ~~men~~ spoke about the possibility of his being named CINCPAC. He is disposed, if offered, to accept it; it might be a logical step toward later promotion as Chief of Naval Operations.

I cannot imagine London without him, for his lively companionship is a joy. He is deeply concerned, as I am, over the disaster of the capture of the Pueblo. We know little more about this than has appeared in the newspapers. Apparently, the officers and crew did succeed in dumping overboard some of their secret gear, as well as burning papers. But it must be assumed the North Koreans, who now have the vessel in their port, will find some luscious articles. Four of the crew were wounded, one seriously. It remains a mystery why this craft was unescorted and taken into custody without firing a shot. At home people are incensed over what, in effect, is an act of piracy.

I had a telegram today from George McGhee saying he regretted he would not be on hand for our War Games meeting this weekend in Wiesbaden, as he was going to hospital at once to have his gall bladder removed.

January 25, 1968 - Thursday

Admiral Rivero, newly appointed CINCLANT SOUTH to replace Don Griffin, came through here today on his way to a change-over of command at Naples the end of this month. Admirals McCain, Rivero, and Kirn are depressed over the capture of the Pueblo. They cannot understand why the ship was not defended by its two machine guns. Perhaps there is a satisfactory explanation, since we do not know under what orders its Skipper was operating. I think, however, this Lt. Commander will have a rough voyage when he sails into an investigating committee.

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signal intelligence about this happening, but there are many aspects of it still requiring elucidation.

The economies we are expected to effect here in our Embassy have given rise to apprehension in certain British quarters. I had this letter from Terence O'Neill, Prime Minister of Northern Ireland, about the possible closure of our Consulate in Belfast. I hope we can save it.

I read the notes furnished us by the Foreign Office on Wilson's conversations in the Soviet Union. He abided by the undertakings he [redacted] gave [redacted] Bundy, and made strong pleas for the Soviets [redacted] to be more forthcoming about Vietnam, and [redacted] other questions. My impression is that, although courteously treated, he was up against a stone wall. The Soviet Government attitude toward the U. S. appears to have hardened perceptively over the last twelve months.

The outlook for our extrication from the Korean mess is presently unpromising. The President has called up Air Force Reserves, and we have strengthened our Air dispositions there. I fear those people are intent upon harassing us in the hope of alieviating the strains to which we are subjecting North Vietnam. Arthur Goldberg is bringing the matter before the Security Council at the United Nations, where we will have some strong backing, including the British, but are certain to run into opposition, probably unfortunately including that of the devious U Thant.

I telephoned San Remo, Italy, again tonight to enquire about Nelson Slater's condition. He is bedridden. LouLou said his heart attacks had been severe, and he had narrowly escaped death. Now he is somewhat on the mend, but not always clear in his mind.

The case of the kidnapped San Francisco girl, Isabelle McMasters, is still tangled. Civil proceedings in London were unsuccessful, and they will now be pushed in the Chancery Division of the High Court of Justice.

[redacted]

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CIA	NAVY
USIA	NSA

DEPARTMENT OF STATE

AIRGRAM

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NO. | HANDLING INDICATOR

TO : Department of State, Washington

FROM : AmEmbassy LONDON DATE:

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FORM DS-323

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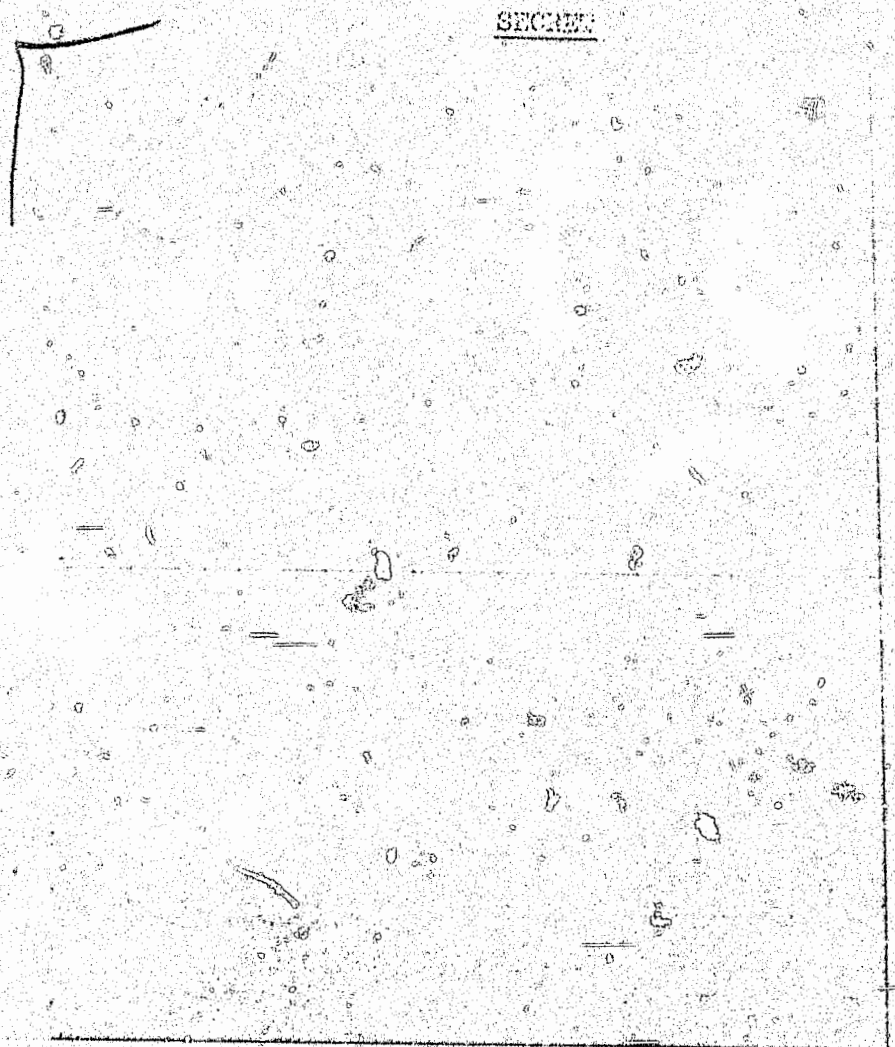

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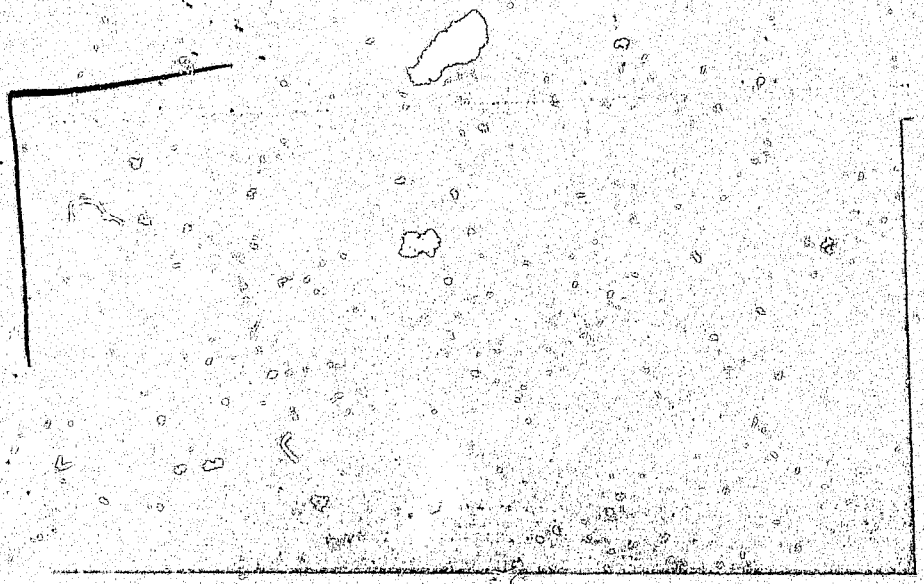

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TELEGRAM: Foreign Service of the United States of America

OUTGOING

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Charge: STATE

Control: 5827

Date: Jan 25, 1968

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CAS-2
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17 pcs

Drafted by: AA.E:LBruce/lm

1-26-68

Approving Officer:

Concurrence:

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[redacted]

Bronson Tweedy, just returned from the U.S., gave me only dispiriting news of the political atmosphere in the capital.

I lunched at Whites with Peter Quennell, who was full of good cheer and good conversation.

Winston Churchill came to see me this afternoon. He is also bound for Washington this weekend to cover the Prime Minister's visit. He is depressed over his Government's decisions about their forces East of Suez and in the Persian Gulf.

The Press, British television and radio, are all making gloomy predictions about the supposed plight of our 5,000 Marines in the northwest portion of South Vietnam. Khe Sanh, where these Marines are stationed, is said to be surrounded by large numbers of North Vietnamese and Viet Cong troops. It is jungle country, and our airfield there is vulnerable to enemy artillery fire. A major offensive is expected. A dominating hill is occupied by North Vietnamese regulars. Even Joe Alsop is showing signs of being disturbed.

Mr. W.E. Weld, Assistant Director of USIA, who once headed its London office, came to see me this afternoon with Bill King. He dreads a further cut in their contingent here, which will be required under our directive for retrenchment.

In connection with Lord Leicester's gift of a book to me, by his ancestor, he called my attention to the presence at Holkham of an engraving of George Washington, with a small plaque underneath, and on it the following inscription: 'Every night during the war of American independence did I drink a toast to George Washington as being the greatest man on earth.' Signed: 'Coke of Norfolk'.

The Prime Minister, speaking in the House of Commons, has referred to the small gap separating Hanoi and Washington on agreeing upon a conference. [redacted] This he did, I suppose, for local consumption, but it is not helpful to us.

[redacted]

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30 telephone calls a day are received by her requesting tickets to Parliament. In addition, there were 400 inquiries requesting tickets for the ceremony Trooping the Colour.

Joseph Frank, of the Ford Motor Company, called on me this morning. He said no newspapers had been published in Detroit for months, and there is little prospect of their resuming. He also stated there were few large cities in the United States in which it was safe to walk at night, and indeed in many quarters of them during the daytime.

The centralization in London of Ford operations throughout Europe has not yet worked well. According to Frank, all sorts of obstructions to exports across frontiers still exist. He thinks, however, in time such wrinkles can be ironed out. He was unhappy about the lack of incentive in Britain for managerial talent, and finds it difficult to attract qualified personnel to fill important positions.

Admirals McCain and Kirn came to see me, and we talked about pending Naval questions. McCain saw on television last night the interview by a French correspondent at Hanoi of his son. He was in bed, because of his broken arms and leg. He sent a message to his wife in the course of the interview, telling her he was confident he would get well, but his appearance was such that one of the men in our office told me he burst into tears after looking at him. McCain thought he appeared doped, but this might be accounted for by the sedatives, or other pain-killing drugs, given him.

We had lunch at home today for:

Much of the conversation turned on Vietnam, where street battles in Saigon and some of the provincial capitals are still going on.

This morning, Bernard Levin wrote the following article in the Daily Mirror:

At Jim Pettus' suggestion, I sent him this letter:

This afternoon, we had a briefing on Soviet military capabilities. It was quite horrifying to hear of the additions they are making to their military strength, especially in respect to missiles and their Navy.

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[redacted]

Went to lunch at the British Embassy. Rode out with John Leddy and Averell Harriman. One-track Harriman was magnificent, sloughing off persons of whom he disapproves with the succinct comment: "God damn fools".

Those present were:

Burke Trend, to whose judgment I attach ~~real~~ much credit, thinks that, with moderate luck, the proposed British Government's measures should restore the economy to health.

The PM took off this afternoon by helicopter from a launching pad at the Observatory. He speaks tonight at a dinner given by the Council on Foreign Relations, and will go on, later in the evening, to Ottawa.

I stayed in Washington, because of an appointment at 5:30 with the President.

Talked with my old friend Bill Stearman, USIA specialist on North Vietnam and the Viet Cong, about the situation in South East Asia. Like the rest of us, he has no credible information of importance, but expects momentarily a serious attack on Khe Sanh.

Saw Bob Schaetzel yesterday. He said the Rey (Common Market Commission) visit had been successful. Rey was received by the President, the Secretary of State, and other exalted functionaries.

Truman drove me tonight to Lorraine Cooper's. She was giving a dinner of twenty for her pretty niece from California, Mrs. Warner and her husband. Another brace of Warners (Cathy and John), Oatsie Leiter, Liz and George Stevens, Congressman

[redacted]

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February 16, 1968 - Friday

E came down to the office this morning and we dealt with numbers of invitations that had accumulated during my absence.

Lunched at the Clermont Club. In the afternoon Major Williams of the Marine Corps came to see me. We have proposed a reduction of one position in the present strength of our Marine Corps Guard. This group is essential to the maintenance of proper security in the Embassy, and though the work is confining, and must be boring, they are an excellent lot of young men. Fortunately for them, their tours of duty usually last only two years, after which they are likely to be assigned to combat operations in Vietnam.

George Jeffery, a retired Foreign Service Local, came up from Southampton to see me. He was in the Consulate there for many years, and was of outstanding value to us. He said he had adjusted himself to retirement, but missed the excitement of his former activities.

Tom Finletter came with two of his associates to discuss the same project they had brought to my attention last year, namely a vertical take-off plane. Luckily, Ron Spiers is well informed on this subject, and I think our friends considered the interview satisfactory.

Tonight I sat up until almost one o'clock with Cy Sulzberger. He has completed about a thousand pages of his memoirs, which are, as I understand it, composed chiefly of extracts from his carefully kept diaries. He is a meticulous note taker, and also blessed with a phenomenal memory. I look forward eagerly to reading the final work, the first volume of which will appear [redacted] a year from now. He regards with trepidation the compression his publishers will probably insist upon, since he has material for about 3,000 pages. Interest in this production is gratifying to him, for since it covers his experiences in all European countries it will be translated into many languages.

March 12, 1968 - Tuesday DECLASSIFIED

are almost everywhere on the defensive, things are going badly in Laos, and attention seems to be riveted on a possible renewal of determined attacks by the Viet Cong and North Vietnamese. Our casualties there have now surpassed those we suffered in Korea. In this connection, Jim Pettus called to my attention the figures for British losses during the first day of the Battle of the Somme in the first World War. The total killed was 21,392, of whom almost 1200 were officers.

Representatives from the fruit and vegetable show at the Trade Center presented me with a huge basket of fruit, as well as a tempting bunch of California asparagus.

Lunched at Bucks with E.

William Burns, introduced by Clarence Miles of Baltimore, called on me. I had not seen him since I sat next to him years ago at a Maryland Club dinner given by members of the Glenn Martin Company in honor of my cousin Howard Bruce, who was about to retire from its Board. Burns has been lecturing here on business administration, and having abandoned his business career is now a Professor at the Graduate School of Business Administration of the University of California.

I went to Westminster Abbey this evening for the unveiling of a memorial to Ramsay MacDonald. The PM and Mrs. Wilson, Douglas-Home and Heath were there.

We had a long session this afternoon on security precautions to be taken Sunday, March 17, when demonstrators have announced they will attack this Embassy. There have been some preliminary small-scale manifestations at the offices of Pan American and Dow Chemical Company (whose parent organization in the US manufactures napalm for use in Vietnam). Phil Kaiser and I expect to see Jim Callaghan at the Home Office within a day or two, to tell him what preparations are being made for the 17th.

E and I dined tonight with Pamela Colin, who represents Vogue here, at 16 Bolton Gardens.

She has in a Victorian house an apartment that reminds one of those in brownstone dwellings in New York. A living room encased in books, with an exceptionally high ceiling, is most attractive. Our hostess is frequently written of as having great taste and originality